

**MINUTES OF THE
VINEYARD TOWN REDEVELOPMENT AGENCY
Vineyard Town Hall, 240 East Gammon Road, Vineyard, Utah
June 28, 2011, 7:10 PM**

PRESENT:

Chair Randy Farnworth
Board Member Sean Fernandez
Board Member Jeff Gillespie

ABSENT:

Board Member Nathan Riley
Board Member Norm Holdaway

Staff Present: Financial Advisor Laura Lewis, Water Operator Sullivan Love, Deputy Recorder Heather White and Town Clerk/Recorder Dan Wright

Others Attending: Gerald Anderson, Ed Grampp, and Stewart Park of Anderson Geneva

The Vineyard Town Redevelopment Agency held a board meeting on June 28, 2011 starting at 7:10 PM in the Vineyard Town hall. The prayer was offered by Board Member Sean Fernandez.

Work Session; 7:10 PM

RESOLUTION U-2011-01; CONSIDERATION AND POTENTIAL ADOPTION OF A RESOLUTION APPROVING A LAND DONATION AND REIMBURSEMENT AGREEMENT BETWEEN THE AGENCY AND ANDERSON GENEVA, LLC REGARDING A DONATION/CONVEYANCE OF LAND LOCATED WITHIN THE GENEVA URBAN RENEWAL PROJECT AREA TO UTAH VALLEY UNIVERSITY

Referring to her letter addressed to the RDA (Redevelopment Agency) Board and dated June 20, 2011, Financial Advisor Laura Lewis explained that items 1-9 were clarifications of her understanding of the proposed agreement and items (a) – (f) were her recommendations to the RDA Board.

The RDA Board reviewed items 1 - 4 and had no questions regarding these items. The discussion regarding items 5 - 8 was as follows:

"5. Anderson has proposed that it would only seek increment its reimbursement for any taxable value above and after that which will be in effect as of [November 2014] thereby excluding the value of the current power plant, the FedEx building, the power plant that is currently under construction slated to be completed by 2014 and other ancillary businesses that exist in the north area as of today's date,"

Anderson Development asked that the other businesses be articulated in the contract. The RDA Board discussed the list of businesses currently existing and Gerald Anderson explained that any business that existed as of today would be excluded.

"6. Anderson has proposed receipt of 50% of all increment received above the limits described in item (5) capped at the amount discussed in item (4)."

Laura Lewis explained that Anderson Development was asking for 50% of all increment excluding the businesses discussed in item #5.

"7. Some of the RDA Board members are supportive of providing some tax increment to Anderson Development as an incentive to bring taxable businesses to the area as quickly as possible and in an effort to support UVU's expansion into the Town."

Ms. Lewis explained that if this statement was not true, then there needed to be a different discussion. All board members present agreed with the statement.

"8. The RDA has no appetite for providing \$5,000,000 in present value terms or stated another way is not at all inclined to include any carrying cost in the TIF reimbursement made to Anderson."

Ms. Lewis explained the concept of paying \$5,000,000 in present value plus interest. She understood that the RDA Board was not interested in paying interest. The RDA Board acknowledged the request from Anderson Development to pay interest, but said they did not agree.

The RDA Board members understood item #9.

Laura Lewis reviewed her recommendations, items (a) - (f), and asked that the RDA Board consider the following items:

(a) - Laura Lewis recommended that the RDA Board request an appraisal after late 2008 because the property may not have the same value. Chair Randy Farnworth mentioned that one of his concerns was that the board had not yet seen an appraisal. Ms. Lewis explained that the board could require an MAI (Member of the Appraisal Institute) Appraisal if one was not provided. She thought that UVU (Utah Valley University) would ask for the same.

(b) - Laura Lewis referred to Item #5 and said that the contract needed to clearly state that Anderson Development would not be paid tax increment from the existing businesses within the Geneva project or the known increase that would come from Phase 2 of the Lake Side Power Plant. Additionally, she explained that the Administration and Housing allocation of the TIF funds needed to be paid first, then the 50% would be paid after. She also said that the RDA could pay increment on commercial uses, but should not pay increment on new housing.

(c) - Laura Lewis explained that there would be an obligation to pay the debt after the bonds were paid. She briefly discussed the requirements for bonding and said that it would be in the town's and developer's best interest to subordinate the debt. Gerald Anderson voiced concern with their debt being subordinate to additional bonds as well as additional agreements. He also was concerned that the town could keep putting off paying the debt if there was no interest. Ms. Lewis explained that the intent would be to subordinate the debt to the bond, not other agreements that might come in. She said she wanted to preserve the possibility of working with any other agreement to develop land. She explained that it would be a contract to pay the developer, but she felt Anderson Development needed to be paid after the bond was paid. Gerald Anderson agreed to the condition of being paid after the bond was paid and asked that an exhibit be included in the contract. RDA Chair Randy Farnworth asked if the RDA Board could be bias with other requests that came in. Laura Lewis explained that the RDA was not required to provide increment to everyone who asked for it.

(d) – Ms. Lewis understood that the RDA board did not want to address paying interest. She mentioned that if their position on paying interest changed, certain requirements needed to be added to the agreement.

(e) – Ms. Lewis believed the RDA would not be limited to provide bond financing for other projects if it was subordinate as discussed in item (c).

(f) – Laura Lewis recommended that an end date for the payoff be added to the contract. She said if there was no development on the property the payoff would take longer. She explained that adding an end date would also serve to motivate the developer. The RDA Board discussed the concept of an end date with Anderson Development representatives. Those from Anderson Development suggested that the TIF be reimbursed out of the impact fees. The RDA Board could see developers first ask for incentives in the form of waiving impact fees. Anderson Development thought development on the property could also be based on what the town did in regards to infrastructure. They were concerned about setting a payoff end date if the town was also not paying interest. They said they were going to be doing all that they could to invite development to the property. RDA Chair Randy Farnworth expressed concern that Anderson Development was trying to push the responsibility of development on to the town because they had already asked for an economic director. Gerald Anderson said that was not the case and that they were putting a lot into the property. The board discussed that they thought the increment might not start until the infrastructure was in. Laura Lewis mentioned that she might be able to get bonds before March 2012. She said investors typically wanted a history of increment.

The RDA Board discussed the amount of increment that could be gained from new housing versus commercial property. They discussed the responsibility the town had with paying the Alpine School District mitigation payments as well as paying for public safety services and wondered if it was prudent to give any incentive to residential uses.

The RDA Board discussed the issues with the proposed agreement that still needed to be resolved. Gerald Anderson mentioned that Anderson Development had an MAI appraisal that was 1 ½ years old. Laura Lewis said she would add additional language relating to the subordination of payments along with a graph. Regarding the request to pay interest, Ed Grampp that the contract originally stated that the town would pay a higher interest but the developer decided to ask the same interest amount as the bank. He said it was very common to get interest on the increment and had sample agreements to show that there was interest. He asked the RDA Board to consider paying the interest. Chair Randy Farnworth explained that he did not think the town should be paying interest for an entity that also did not pay interest. He thought that if the RDA Board were having discussions with representatives from UVU, they would not ask for interest. Laura Lewis mentioned that if the RDA Board was to consider paying interest, she recommended that it start accruing only after development started.

Chair Randy Farnworth said the board would consider Anderson Development's comments. He said he understood that the process was probably frustrating for Anderson Development, but that the small steps were important. The RDA Board asked Laura Lewis to craft another letter, let Anderson Development review it to ensure that both parties understood it, then have the town attorney craft a final contract. They asked Ed Grampp to write his thoughts about interest in an email so it could be sent to the RDA members who were not able to attend.

Gerald Anderson mentioned that UVU proposed building 40 acres of artificial turf, 10 acres for a new sports building, and 50 acres was reserved for campus space. He mentioned that Anderson Development wanted to get started on installing the infrastructure to the area during the current construct season. Chair Randy Farnworth thought it was prudent to wait until a new budget year. He suggested that Anderson Development make a formal request in writing.

ADJOURNMENT

The meeting adjourned at 9:13 PM. The next Redevelopment Agency meeting will be held on July 13, 2011.

MINUTES APPROVED ON _____

**CERTIFIED CORRECT BY _____
H. WHITE, DEPUTY RECORDER**